



MAINE STEP-UP PROGRAM AGREEMENT

Leadership Track

Pratt & Whitney Aircraft

PURPOSE

The Maine Department of Environmental Protection and Pratt & Whitney have agreed to explore new ways of protecting the environment that go beyond regulatory compliance. Pratt & Whitney commits to continuously improve its business practices to protect people and the environment. Pratt & Whitney will publicly report on its progress to inspire other businesses to seek improvement in their own environmental performance. P&W proposes to align this STEP-UP Agreement with its current commitments under EPA's National Performance Track Program and be in effect from the date of signature to December 31, 2008.

The Maine Department of Environmental Protection commits to vigorously assist Pratt & Whitney on its "climb up the mountain"—accepting the challenge—to find environmentally sustainable ways of doing business. The Goals Toward Sustainability set forth in Section 2. B. in this agreement are for the "Pathways" described in the "Climbing the Mountain" diagram found in the Department's A Guide for Your Business: Smart Production and the Maine Step-Up Program.

The Maine Department of Environmental Protection provides Step-Up Participants priority status wherever possible in permitting, assistance and regulatory matters that may be requested for the term of this agreement.

1. INTRODUCTION

Pratt & Whitney began the production of aerospace engine parts at its North Berwick plant in September 1979. The plant is about 877,000 square feet, one of the largest manufacturing facilities in Maine under one roof.

The North Berwick facility manufactures 6 classes of parts - high and low compressor stators, outer air seals, non-cooled turbine vanes, low-pressure turbine blades, brush seals and bearing compartments.

Pratt & Whitney, North Berwick, has committed itself to environmental performance and compliance, with an emphasis on reducing natural resource consumption and waste. Through the STEP-UP initiative, Pratt & Whitney commits to the Maine Department of Environmental Protection (DEP) to strive toward sustainability goals for its business with the assistance of the DEP. DEP will provide technical services and recognition for achievements made by Pratt & Whitney under this Agreement during its three-year period. The DEP will assign a senior staff member to work with Pratt & Whitney during the design and implementation of the agreement.

The DEP will also work with Pratt & Whitney to align itself to meet the Environmental Protection Agency's (EPA) Performance Track requirements. Pratt & Whitney and the DEP will work together to ensure acceptance into the Performance Track program using the information and reporting tools provided in the STEP-UP Program.

The DEP will recognize Pratt & Whitney's efforts in the Governor's Carbon Challenge as its Energy Pathway reporting requirements. The report submitted by Pratt & Whitney will fulfill the requirements of the Energy Pathway, requiring only one submittal of the Carbon Challenge requirements to fulfill both STEP-UP and Carbon Challenge requirements.

A. Voluntary Ground & Surface Water Monitoring

In 2001, Pratt & Whitney began voluntary monitoring of its site soil, groundwater, sediment and surface water. As a result of this monitoring, the presence of degraded solvents were detected. In a voluntary effort in Coordination with the Maine Department of Environmental Protection (MEDEP) under federal Resource Conservation and Recovery Act (RCRA) corrective action guidelines, the Pratt & Whitney North Berwick (PWNB) facility is in the process of investigating the nature and extent of suspected solvent releases from the facility during its manufacturing history between 1979 and 1992.

During the period 2002 through 2004, several study phases resulted in the delineation of a shallow ground water plume behind the plant facility that discharges into the embayment of the West River. Long term monitoring trends will help determine the best methods of remediating the affected groundwater. Annual reports will be provided with detailed assessments and recommendations.

Pratt & Whitney North Berwick will continue its voluntary investigation of the solvent releases formulating a remediation plan that will address the historical solvent release. As this plan is formulated, PWNB will continue to work closely with the MEDEP to ensure a satisfactory remediation of the contaminated area.

2. PERFORMANCE COMMITMENTS

A. Environmental Business Practices

Commitment to Partnerships – PWNB proposes to align this STEP-UP Agreement with its current commitments under EPA's National Performance Track Program and be in effect from the date of signature to October 28, 2008.

Commitment to Compliance – PWNB has programs in place to maintain compliance with the conditions of all of its permits and licenses and applicable regulations. These programs include periodic inspections and corrective actions as necessary. PWNB holds a variety of environmental licenses/permits from the Maine DEP including Air Discharge Licenses (A-453-71-M-M/R) and a Wastewater Discharge License (W002749-5L-E-R).

Commitment to Environmental Management Systems (EMS) Pathway – PWNB has achieved ISO 14001 certification of its EMS and proposes to maintain this certification.

Commitment to Workers & Community Pathway To Sustainability – PWNB has an active on-line environmental education program for employees. The facility also has a web site dedicated to both Environmental Health & Safety (EH&S) and P2 activities. Environmental Alerts are issued regarding environmental issues as they become necessary.

On an annual basis, Pratt & Whitney, North Berwick invites the North Berwick town officials to the facility for a review of business practices, which include environmental issues.

On a regular basis, communications are shared with employees relevant to EHS opportunities outside of the manufacturing facility.

B. Goals

Energy Pathway – P&W proposes to reduce total energy consumption by 10% (approximately 9,753 MMBtu) by 2008, based on 2001 levels.

Air and Water Pathways – P&W proposes to reduce the total amount of Air Emissions by 20% by 2008 based on 1999 levels and its Water Discharge by 30% by 2008 based on 2001 levels.

Solid Waste Pathway – P&W proposes to reduce the total amount of solid waste shipped off site for disposal by 15% by 2008, based on 2001 levels. For the purposes of this program, P&W considers solid waste to be any material that is hazardous, non-hazardous/non-recycled and recycled and is a byproduct of P&W's production process. This includes trash, wastewater, waste oil and all other production driven materials. Materials such as roofing debris, concrete, soil and asphalt will not be considered in this category.

C. Measurement Methods

P&W will report progress biannually to ME DEP on all pathways listed in this agreement. The information will be made available to the public. Energy will be reported as total (fuel use and electricity) MMBtu's and normalized by P&W's production earned hours and will also be reported through the Carbon Challenge. Air Emissions will be reported as total pounds and normalized by P&W's production earned hours. Water discharge will be reported as total gallons and normalized by P&W's production earned hours. Solid waste will be reported as total pounds of production driven solid waste and normalized by P&W's production earned hours.

D. Public Involvement

P&W will make progress reports available to employees through the Environmental, Health & Safety Newsletter. Progress towards meeting goals will be communicated to the public via the DEP's web site and the Pratt & Whitney web site.

E. Mentoring

P&W will continue to mentor other Maine companies, as they are able, and to assist the DEP with their mentoring and assistance efforts. P&W will focus it's mentoring on manufacturing facilities.

F. Relationship

P&W will work closely with DEP to achieve its sustainability goals by identifying specific regulatory issues that impede achieving goals and work to find mutually agreeable solutions. Specifically:

- DEP's STEP-UP Program Contact will attend regularly scheduled meetings to discuss progress towards goals and ways to resolve impediments.
- P&W will participate in a DEP sponsored workgroup to explore licensing the technology of solvent distillation units.

- P&W will meet regularly, but at least semi-annually, with DEP to report progress and discuss impediments or other relevant issues.
- DEP Step-Up Program Contact will participate in community meetings, as requested.
- Maine DEP will make staff available to P&W for technical and regulatory assistance. This assistance will be provided consistent with existing State law and agency policy. Maine DEP expects to forego civil penalties for certain types of first-time violations discovered in the process of providing assistance or disclosed as a result of compliance audits performed by P&W when P&W corrects the non-compliant condition within the shortest practicable time period, and in all cases within 90-days of discovery. Violations excluded from this provision are those listed in Maine DEP's Small Business Compliance Incentives Policy, Section III (as amended February 14, 1996) and its Supplemental Environmental Projects Policy, Section V (as amended June 15 2000). Regular or necessary compliance inspections performed as part of day-to-day business at Maine DEP are not subject to these provisions.

G. Recognition

DEP will recognize P&W participation in the Step-Up Program by including specific information on the *Smart Production Web Page* maintained by the State, and in press releases from time-to-time to keep the general public informed of P&W's status in the Step-Up Program. P&W will also receive a Governor's Award for Environmental Excellence without the need for application when any *Sustainability Goal* detailed in this agreement is achieved.

3. REPORTING

P&W will forward biannual progress reports to the DEP citing accomplishments toward sustainability goals and identifying any need to adjust goals. The report will also assess the effectiveness of the working relationship between DEP and P&W and recommend changes that might be needed.

4. TERMINATION

Either party to this Agreement may terminate the participation of P&W in the Step-Up Program with 30-days notice to the other party.

WITNESS here today, April __, 2006, that the undersigned parties enter into this agreement.

John E. Baldacci, Governor State of Maine

Peter Borgel, General Manager
Pratt & Whitney

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